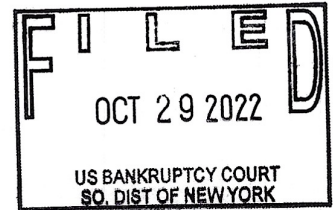


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Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**



In re:)
) Chapter 11
CELSIUS NETWORK LLC, *et al.*,¹)
) Case No. 22-10964 (MG)
)
Debtors.) (Jointly Administered)
)

**STATEMENT AND RESERVATION OF RIGHTS
REGARDING (I) THE EXAMINER'S MOTION TO CONFIRM
EXAMINATION SCOPE OR ALTERNATIVELY FOR EXPANSION
OF THE SCOPE OF THE EXAMINATION AND (II) IGNAT TUGANOV'S
(A) RESPONSE TO EXAMINER'S MOTION TO APPROVE WORK PLAN, AND
(B) MOTION TO CLARIFY OR EXPAND SCOPE OF EXAMINER'S INVESTIGATION**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") submit this statement and reservation of rights regarding the *Examiner's Motion to Confirm Examination Scope or Alternatively for Expansion of the Scope of the Examination* [Docket No. 1112] (the "Examiner's Motion") and *Ignat Tuganov's (A) Response to Examiner's Motion to*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

Approve Work Plan, and (B) Motion to Clarify or Expand Scope of Examiner's Investigation
[Docket No 1104] (the "Tuganov Motion" and, together with the Examiner's Motion, the "Motions"). The Debtors state the following:

Statement and Reservation of Rights

1. On October 18, 2022, Shoba Pillay, the examiner appointed in these chapter 11 cases (the "Examiner"), filed the Examiner's Motion,² seeking authorization from the Court to clarify the scope of her investigation regarding (a) the Debtors' CEL tokens and (b) public representations made by the Debtors to attract customers to their platform, and with respect to the Debtors' holdings and account offerings. Also on October 18, 2022, creditor Ignat Tuganov filed the Tuganov Motion, requesting that the Court authorize and require the Examiner to investigate whether the Debtors engaged in a Ponzi scheme.

2. The Debtors are committed to moving these chapter 11 cases forward to a value-maximizing conclusion. The Debtors continue to facilitate the Examiner's analysis of issues relevant to her court-approved mandate. The Debtors, however, also recognize the need to move expeditiously and minimize expenses, and are concerned that the relief requested in the Motions could significantly expand the time frame it will take for the Examiner to complete her report and could be duplicative of work the Committee is already doing.

3. More specifically, the Debtors are concerned that the Examiner's Motion seeks to expand the Examiner's court-approved mandate to include an analysis of the Debtors' public statements to customers. Undertaking such a review would require significant time and resources and would likely exceed the time frame allotted for producing her report. A number of key

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Motions.

milestones in these chapter 11 cases, including completing the custody and withhold briefing schedule, finalizing the sale process, and proposing a chapter 11 plan, rest upon the the Examiner's report. The proposed expansion in scope could extend the current case timelines. Furthermore, the Debtors understand that the Committee and many regulators are already investigating prepetition public statements. The Debtors do not have any issue with this as a topic of investigation but do wish to avoid unnecessary duplication.

4. The Debtors are also concerned about the relief requested in the Tuganov Motion. Mr. Tuganov admits in his motion that an inquiry into whether the Debtors have engaged in a Ponzi scheme is not currently contemplated in the Examiner's Work Plan and asks the Court to "require" the Examiner to engage in this inquiry. The Debtors maintain that the scope of the Work Plan is adequate as-is, and that authorizing such an inquiry would be a significant expansion of scope, and the Debtors understand that the Committee is already focused on this.

5. The Debtors reserve all rights to respond to the Motions at the November 1, 2022 hearing.

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New York, New York
Dated: October 29, 2022

/s/ Joshua A. Sussberg

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